

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 15, 2011

Mr. Jim Kiefer
Director Project Development
Central Valley Gas Storage, LLC
3333 Warrenville Road, Suite 130
Lisle, Illinois 60532

Subject: Central Valley Natural Gas Storage Project - (Application No. 09.08.008) – Variance Request #7

Dear Mr. Kiefer:

On August 11, 2011, Central Valley Natural Gas Storage (CVGS) requested a variance from the California Public Utilities Commission (CPUC) to utilize alternative construction methods from those identified in the Final Initial Study and Mitigated Negative Declaration (FMND). The alternative construction methods include installation of temporary bridges across fourteen drainages that will be crossed by an auger bore or horizontal directional drill (HDD).

The CPUC voted on October 14, 2010 to approve the CVGS Project (Decision D10-10-001) and a Notice of Determination was submitted to the State Clearinghouse (SCH# 2010042067).

The CPUC also adopted a Mitigation, Monitoring, Compliance and Reporting Program (MMCRP) to ensure compliance with all mitigation measures imposed on the CVGS Project during implementation. The MMCRP also acknowledges that additional or revisions to construction methods are anticipated and that a Variance Request would be required for these activities. This letter documents the CPUC's thorough evaluation of all activities covered in this variance, and that no new impacts or increase in impact severity would result from the requested variance activities.

Variance #7 for modifications to install temporary bridges across fourteen drainages that will be crossed by an auger bore or HDD within the approved pipeline work area is granted by CPUC for the proposed activities based on the factors described below.

CVGS Variance Request. Excerpts from the CVGS Variance Request, received August 11, 2011 are presented below (indented):

Central Valley Gas Storage's contractor is proposing to install a temporary railroad car bridge across fourteen (14) drainages in the construction corridor (see Table 1). Thirteen of the fourteen drainages will be crossed with a railroad car or timber mats that will span the drainages from top of bank to top of bank. For these crossings, the bridge length will depend on the width of the drainage and will range from 15 feet to

60 feet. Depending on the drainage width, the contractor will use 18-foot timber mats, 40-foot timber mats, and 80-foot steel railroad car bridges. No material or structures will be placed in the drainage channel as part of these temporary bridge crossings.

One of the large drainages (Colusa Trough [D-19]) will be crossed using a railroad car that will be keyed into the top of the bank. At this crossing, the temporary bridge would consist of a 100 foot flexi float, spanning the drainage ditches. The flexi float would be positioned using a crane that will be operated from upland areas. Prior to setting the flexi float bridge, a minimum amount of bank would be excavated along the top of each bank in order to construct temporary bridge entries and exits. All bridge footing excavation would occur at the top of the drainage banks and would not affect the active channel. The trench would be 8 feet wide and 3 to 4 feet deep. Each trench would require the removal of approximately 19 cubic yards of upland material with an excavator. A crane would then construct the temporary bridge footings within the trench by placing equipment mats or similar material. The flexi float would then be positioned onto the footings with the flexi float decks matching the surrounding surface elevation.

Drainage D-6 (an unnamed agricultural drainage ditch that occurs immediately adjacent to Dodge Road) contains woody riparian vegetation that will be removed and trimmed to allow installation of the temporary bridge. An estimated 0.01 acre of woody riparian vegetation will be removed/trimmed during crossing of Drainages D-6 (permitted for an auger bore with temporary bridge crossing) and D-6a (permitted for a trench). The vegetation removal will consist of removing a large Fremont's cottonwood tree and trimming two willows along Drainage D-6 to allow for the installation of the temporary bridge crossing. One single willow shrub along Drainage D-6a will be trimmed or possibly removed because it occurs close to the pipeline trench.

As required in the CEQA MND, Central Valley Gas Storage has compensated for the removal of 0.01 acre of woody riparian vegetation by purchasing 0.02 acre of credits from Westervelt Ecological Services' Cosumnes Floodplain Mitigation Bank. This mitigation bank purchase was approved via email by Sandi Jacks on July 28, 2011. A copy of the mitigation bank purchase agreement has been provided to the CPUC.

The temporary bridges would be removed immediately after the pipeline has been installed across the drainage and all temporarily disturbed areas would be restored upon project completion.

The California Department of Fish and Game issued an amendment to the Streambed Alteration Agreement that authorizes these crossing and is provided with this variance request. The temporary crossings will not result in the placement of fill material below the ordinary high water mark and therefore no amendments to the Section 404 Individual Permit and Section 401 Water Quality Certification are required. The bridges occur within the work area that was authorized as part of the Biological Opinion issued for the project.

Table 1 - Temporary Bridges Proposed for HDD/Auger Bore-Crossed Drainages

Drainage Number	Drainage Type	Estimated Width (ft)	Woody Riparian Vegetation Present at Temporary Bridge Crossing	Riparian Vegetation Removed/Trimmed for Bridge Placement
D-5	Canal	12	None	None
D-6	Canal	15	Fremont cottonwood riparian woodland	0.01 (One Fremont cottonwood and trimming of two willows)
D-10a	Canal	15	None	None
D-11	Agricultural Ditch	12	None	None
D-14	Agricultural Ditch	12	None	None
D-19	Colusa Trough (Drain)	80	None	None
D-26	Agricultural Ditch	10	None	None
D-31	Canal	15	None	None
D-32	Canal	20	None	None
D-33	Agricultural Ditch	15	None	None
D-38	Canal	25	None	None
D-39	Agricultural Ditch	12	None	None
D-43	Hunters Creek	30	None	None
D-43	Hunters Creek	30	None	None

CPUC Evaluation of Variance Request.

In accordance with the MMCRP, the subject variance request was reviewed by CPUC to confirm that no new impacts or increase in impact severity would result from the requested variance activities.

The following discussion summarizes this analysis for agricultural, biological, cultural, paleontological, hydrological resources, traffic, sensitive land uses/noise and other issue areas. A list of bulleted conditions is presented to define additional information and clarifications regarding mitigation requirements.

Agricultural Resources – The temporary bridges will not result in impacts to Farmland of Statewide or Local Importance. No new impacts or increase in impact severity for agricultural resources are anticipated.

Biological Resources – The temporary brides will be utilized to avoid impacts to fourteen drainages located within the pipeline work limits identified in the FMND. The drainages will be crossed with a railroad car or timber mats that will span the drainages from top of bank to top of bank. The temporary bridges would span perennial and intermittent drainages and would be removed immediately after the pipeline has been installed across the drainage and all temporarily disturbed areas would be restored upon project completion.

The temporary bridges would require the removal of approximately 0.01 acre of woody riparian vegetation at Drainage D-6, which is located adjacent to Dodge Road. The vegetation removal will consist of removing a large Fremont's cottonwood tree and trimming two willows along Drainage D-6 to allow for the installation of the temporary bridge crossing. One single willow shrub along Drainage D-6 will be trimmed or possibly removed as part of the required construction activities. CVGS has compensated for the removal of 0.01 acre of woody riparian vegetation through the purchase of 0.02 acre of mitigation credits from the Westervelt Ecological Services' Cosumnes Floodplain Mitigation Bank.

The California Department of Fish and Game (CDFG) issued an amendment to the Streambed Alteration Agreement previously approved for the CVGS project that authorizes the use of temporary bridge crossings (Central Valley Gas Storage Project, Amendment of Lake or Streambed Alteration Agreement, Notification No. 1600-2011-0002-R2 August 10, 2011). The use of temporary bridges does not require amendments to the Section 404 Individual Permit and/or Section 401 Water Quality Certification, as the use of temporary bridge crossings will not result in the placement of fill material below the ordinary high water mark.

According to biological reports and surveys completed for the proposed work spaces, the pipeline construction work area, which includes the area where temporary bridges will be constructed supports suitable habitat for a variety of species (giant garter snake, western pond turtle, nesting migratory birds and raptors, Swainson's hawk, burrowing owl, valley elderberry longhorn beetle, and special-status invertebrates). During the recent June surveys, suitable habitat for these species was confirmed; however, none of these special-status species were directly observed. To avoid potential impacts to these species, nesting birds and other wildlife species, CVGS and its contractors will implement the protective measures noted below in the conditions section and included in the MMCRP. No new impacts or increase in impact severity for biological resources are anticipated with the implementation of the conditions.

Cultural & Paleontological Resources – The proposed temporary bridges are located within the limits of the area surveyed as part of the FMND prepared for the CVGS Project. No known resources are known to be present in the area proposed for temporary bridge construction. In the event of an unanticipated discovery of archaeological materials, all ground-disturbing work within the immediate area of the discovery will be suspended. Any new discoveries shall be managed in compliance with the measures identified in the MMCRP. No new impacts or increase in impact severity for cultural resources is anticipated.

Hydrological Resources – Best Management Practices (BMPs) will be installed in accordance with the SWPPP Storm Water Pollution Prevention Plan (SWPPP). The temporary bridges would be removed immediately after the pipeline has been installed across the drainage and all temporarily disturbed areas would be restored upon project completion. No new impacts or increase in impact severity for hydrological resources are anticipated.

Traffic. The work proposed under this request will require construction activities to be completed within the work limits included as part of the pipeline right-of-way identified in the FMND. Temporary lane closures are not anticipated during construction, but lane closures, if required, could potentially result in inadequate emergency access in the immediate

construction zone. The Traffic Control Plan (APM TRA-1) will be implemented to minimize short-term, construction-related traffic impacts including conflicts with emergency access to work areas and local residences. The Construction Traffic Plan previously approved for the CVGS project does not require any additional traffic control measures or revisions to existing measures established in the Traffic Control Plan. No new impacts or increase in impact severity for traffic are anticipated.

Sensitive Land Uses/Noise. The area is rural in nature and supports large-scale agriculture. The temporary bridges included as part of this variance request would be constructed within the pipeline alignment proposed in the FMND. No new impacts or increase in impact severity for sensitive land uses/noise is anticipated.

Other Issue Areas. No concerns noted under this variance.

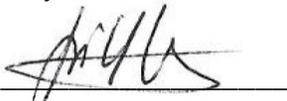
Conditions of Variance Approval.

The conditions presented below shall be met by CVGS and its contractors:

1. All applicable project mitigation measures, APM's, and permit conditions shall be implemented. Some measures have on-going/time-sensitive requirements and shall be implemented prior to and during construction where applicable.
2. Copies of all relevant permits, compliance plans, and this Variance approval shall be available on site for the duration of construction activities.
3. Conduct biological monitoring in compliance with APM BIO-3. Biological monitoring is required to occur immediately preceding and during active construction as part of required biological monitoring activities.
4. All project personnel, shall be provided an environmental briefing focused on resources in the area, erosion control requirements, and the limits of the work area. A log shall be maintained on-site with the names of all crew personnel trained. All participants will receive a hard-hat sticker for ease of compliance verification.

Please contact me if you have any questions.

Sincerely,



Eric Chiang
CPUC Environmental Project Manager
Central Valley Gas Storage Project

cc: *D. Hochart and S. Eckardt, Dudek*
S. Bushnell-Bergfalk, ICF
J. Kiefer, Central Valley Gas Storage, LLC
N. McIntire and H. Salvage, Flour Inc.